C4325-1

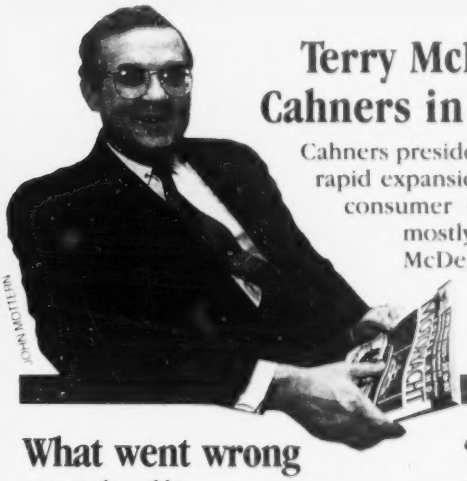
Folio:

A Publication of The Hanson Publishing Group, Inc.

MAY 1990 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

Get ready, get set, go . . . for the 1990s

Business magazine publishers are facing formidable challenges. Publishing costs are rising and ad pages are flat, creating a fiercely competitive environment that could last well into the decade. Learn how publishing companies are performing now, and how the smart ones are developing various new ways to compete. **98**



Terry McDermott takes Cahners in a new direction

Cahners president Terry McDermott plans rapid expansion to build up the 11-title consumer magazine division of the mostly business publisher. By 1995 McDermott envisions a 50 percent split between business and consumer magazines. **47**

Business press: How are we doing?

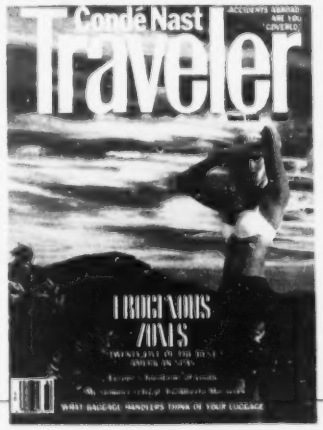
Specialized business and professional publications' ad pages and revenues are healthier than generally assumed, and poised for an upswing in the 1990s, says John Emery, president of the American Business Press. **170**

What went wrong at Edgell?

Even after resigning as chairman, in the face of mounting debt woes, Bob Edgell still maintains that it's "business as usual" at the 55-title publisher. But most observers refuse to paint a happy face on the company, saying a sale is inevitable: "It's just a matter of who and when." **24**

'Truth in travel' formula wins advertisers

Conde Nast Traveler is not afraid to tell its readers when the beaches are dirty; and the once reluctant advertising community is now showing support for the magazine's frank and honest editorial tone. The *Traveler* enjoyed a dramatic advertising surge last year—advertising pages have jumped 53 percent and ad revenues have soared 78 percent. **57**



unfold ►

May 1990

Readers want more sizzle 25

Sexier, shorter items and more gossip will appear in mass market magazines, according to *Woman's Day* editor Ellen Levine.

Freelancing promotion 114

Eight steps to follow for getting the best from creative people who do work for circulation.

Cahners and Ziff: What next? 23

Cahners has caught the bug of computer publishing, and plans to build on its new partnership.

Change by design 122

Why do magazines redesign? A look at some of the reasons, and an analysis of some magazines that made the decision to change their looks.

TECH TRENDS
Folio:

Joys of networking

For $10 a week per editor—or less—magazines are wiring up their staffs for creativity and efficiency. 91

***The National*: A new, all electronic** "daily magazine" achieves magazine-like design on daily deadlines. How? 87

***Time* photographers**, armed with a suitcase-size scanner and computer, can transmit their photos in minutes from anywhere in the world—if they can find a phone line. 87

High-priced computer power is moving down to the desktop with new machines from Apple and IBM. 87

UPDATE

Handling cover price changes. 26

Telemarketing getting more important. 26

Rate negotiations worked for Lang. 28

Warped thinks big. 30

Plastic covers given a try. 30

COLUMNS

Basic closing techniques, by Helen Berman. 131

The eight-unit press, by Jeff Parnau. 135

ABC figures in perspective, by Ron Scott. 139

Becoming your industry's voice, by Judy Harrison. 143

'Till forbid,' by Eliot Schein. 147

Musings on the publishing industry, by James Kobak. 151

DEPARTMENTS

Briefings 9
Joe Hanson on Magazines 13
Commentary 17
Letters 19
Update 23
Magazine People 47
Magazine Watch 57
List Watch 71
Calendar 81
Point of View 170

Your Best Addresses For The Most Response!

TIMES MIRROR MAGAZINES

THE LARGEST PUBLISHER OF MEN'S SPECIAL INTEREST MAGAZINES IN AMERICA

Over 6.7 Million Subscribers

The Ultimate Upscale Males Who Act On Their Interests
High-Voltage Buying Power And Highly Discretionary Income
Many Mail-Order Dollars Freely Spent On Active Acquisitive Lifestyles

- Monthly Hotlines
- Canadians
- Datamatch/Enhanced Actives
- Direct-Mail-Sold
- Sex
- Sweeps-Sold Subscribers
- Gift Givers
- Monthly Changes-Of-Address

Field & Sting	America's #1 Sportsman's Magazine	1,830,300 Active Subscribers
Proven Response for Publications, General Merchandise, Book Clubs, Credit Cards, Travel, Gardening, Insurance, Catalogs, Fundraising		
Golf Magazine	Golf Magazine Delivers	949,675 Active Subscribers
Proven Response for Publications, General Merchandise, Leisure Vacations, Credit Cards, Travel, Fundraising		
Home Mechanix	Managing Your Home	1,096,783 Active Subscribers
Proven Response for Publications, Book Clubs, General Merchandise, Insurance, Fundraising, Credit Cards, Gardening, Travel		
Outdoor Life	The Sportsman's Bible Since 1898	1,366,280 Active Subscribers
Proven Response for Publications, General Merchandise, Fundraising, Memberships, Clubs		
Popular Science	The What's New Magazine	1,545,968 Active Subscribers
Proven Response for Publications, General Merchandise, Fundraising, Memberships, Clubs		
Salt Water Sportsman	The Voice Of The Coastal Sportsman	118,000 Active Subscribers
Proven Response for Publications, Fundraising, General Merchandise, Travel, Insurance, Credit Card, Gardening, Catalogs		
Ski Magazine	America's First Ski Magazine	356,200 Active Subscribers
Proven Response for Publications, Credit Cards, Travel, Fundraising, Catalogs, Leisure, Vacations, Sporting Goods		
Skiing Magazine	The #1 Skiing Publication In The World	309,800 Active Subscribers
Proven Response for Publications, Catalogs, Credit Cards, Travel, Memberships, Ski Related Offers		
Yachting Magazine	"In A Class By Itself"	71,582 Active Subscribers
Proven Response for Publications, Book Clubs, Fundraising, Credit Cards, Collectibles, Marine & Boating Offers, Newsletters		

LIST SERVICES CORPORATION

• Only 8% Duplication Between Ski/Skiing

• Only 9% Duplication Between Salt Water/Outdoor Life

6 TROWBRIDGE DRIVE, P. O. BOX 516, BETHEL, CT 06801 (203) 743-2600 FAX # (203) 778-4299

Vol. 19 No. 5

Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

A Publication of The Hanson Publishing Group, Inc.

Publisher and Editor in Chief: J. J. Hanson

Editor: Barbara Love; Executive Editor: Jeff Malester; Managing Editor: Jean Marie Angelo; News Editor: Diane Cyr; Copy Director: Deborah Schwab; Senior Writers: Lisa I. Fried, John Masterton; Senior Editor/Production: Suzanne Zelkowitz; Reporters: Liz Horton, Cary Peyton Rich, Kevin Sghia; Assistant Editors: Susan Hovey, Suzanne Sturmak, Ellen Tulin; Copy Editor: Suzann D. Silverman.

Design Director: Lowry Thompson; Senior Art Director: Michelle Rollo; Production Manager: Jody Marks Murphy; Assistant Art Directors: Mimi Burroughs, Matthew J. Longley; Production Assistant: Katherine Teveira; Group Manufacturing Manager: Patricia K. Raddock; Group Manufacturing Coordinator: Terri R. Ballester; Group Production Manager: Roberta Thomas; Production Systems Manager: Catherine A. Vitti.

Advertising Network Managers: Kevin Landers, Shirley Sax; Group Advertising Director: Jane Rand; Advertising Account Executives: Jane Edgell, Caroline Van Ingen; Director of Advertising Development: Robin Altman; Advertising Promotion Director: Joanne Fitzsimmons; Advertising Promotion Coordinators: Nora Sikes, Dawn Tudor; Advertising Traffic Manager: Nancy Gebhardt.

Vice President/Marketing Services: Ellen Ziperman; Sales Operations Manager: Gloria Williams; Sales Managers: Mary Crawford, Maureen Moffahan; Marketing Services Representatives: Mort Kramer, Karen Putrimas, Beth Saar, Dorothy Smith, Michelle Weber, Judith Wiley; Sales Assistant: Doreen Smith; Marketing Assistant: Denise Gross.

Promotion Art Director: Bill Lampe; Classified Advertising Manager: Joan Lloyd.

Manager of Conferences and Expositions: Pamela Dimond; Exposition Services Director: Edie Gardner; Director/Conference Development: Carol Harrison.

Corporate Circulation Director: Lynn C. Bushell; Associate Circulation Director: Jeffrey Hartford; Circulation Manager: Rita Ugianskis; Assistant Circulation Manager: Rose Lord; Manager/Information Systems: Kenneth S. Jones; Systems Administrator/Programmer: Jeff Zumpano.

Hanson Publishing Group, Inc., Chairman and CEO: J. J. Hanson; President and COO: William J. Ryan; Editorial Director: Paul Edwards; Vice President/Operations: John D. O'Toole; Vice President/Chief Financial Officer: Paul Martin; Vice President/Marketing Services: Ellen Ziperman; Vice President/Planning: Ellen Lischke.

FOLIO: THE MAGAZINE FOR MAGAZINE MANAGEMENT, is published 12 times per year. In addition to 12 regular monthly issues, the following special issue is published: FOLIO: Source Book (published in the spring). Copyright © 1990 Hanson Publishing Group, Inc. FOLIO: THE MAGAZINE FOR MAGAZINE MANAGEMENT is published by Hanson Publishing Group, Inc., 6 River Bend, P. O. Box 4949, Stamford, CT 06907-0949. 203-358-9900. Fax: 203-357-9014. And 232 Madison Ave., Suites 1500 (Editorial) and 1409 (Advertising), New York, NY 10016. 212-683-3540. Faxes: 212-683-3986 (Editorial) and 212-683-4072 (Advertising).

Hanson Publishing Group, Inc., is an affiliate of Cowles Media Company. Other affiliated publications are Catalog Age, Inside Media, Publishing News and Direct.

For editorial reprint information, contact Roberta Thomas, 203-358-9900 (minimum order, 100 copies).

Subscriptions: U.S.—1 year (12 issues), $68; 2 years (24 issues), $108; 3 years (36 issues), $143. Canada and Mexico—1 year (12 issues), $82; 2 years (24 issues), $132; 3 years (36 issues), $172. Foreign (air only)—1 year (12 issues), $144; 2 years (24 issues), $270; 3 years (36 issues), $384. Single copies of most past issues of FOLIO: are available prepaid at $8 per copy. Single copies of special issues cost more. European subscriptions: Euromedia Amsterdam, Euromedia Projekten, Leidsegracht 94, 1016-CS Amsterdam, The Netherlands. Postmaster: Please send address changes to FOLIO:, P. O. Box 4949, Stamford, CT 06907-0949. ISSN 0046-4333. Second class postage paid at Stamford, Connecticut, and additional entry points.

ABP The Audit Bureau Member MPA

Ready, set, go for the 1990s

Business publishers adapt to challenging times. Here are nine strategies that will help publishing companies stay ahead

JEAN MARIE ANGELO
MANAGING EDITOR

Business magazine publishers are faced with some formidable challenges as they enter the new decade. During the late 1980s, ad page sales were flat, and they are projected to stay soft for at least the next few years, making for a fiercely competitive atmosphere among business titles in all categories. Further, the costs of publishing—paper, postage and printing—have increased steadily, while a low rate of inflation has made advertisers reluctant to accept ad rate increases.

The smart publishers are addressing these concerns, and are developing new ways to grow profitably.

"We are operating in a new world," says Arthur Rosenfield, president, Business Development Group (BDG), and magazine publishing consultant. "We need new thinking that will lead to new strategies. Any company that is relying solely on ad page growth is courting disaster."

The next few years will see a dramatic shake-out of business press titles. The best in each market will get the ad page business, while the less healthy magazines will simply fade away. "It is going to be a time when the best grow and survive," says Michael Hanley, chairman and CEO of Hanley-Wood, Inc., a business publisher in the construction market. "There will be a lot of weeding out. Publishers will need to be more innovative to make a dollar."

Further complicating the situation for business magazine companies is the heavy debt load that many are carrying. The merger and acquisition mania of the 1980s saddled companies like Edgell Communications with huge loan payments, forcing them to sell off properties. These are just the kinds of companies that can ill afford a drop in revenue.

How can you ensure that your magazine company will make it through the 1990s? BDG's Rosenfield offers nine strategies that will help position business magazine companies for growth in the years ahead.

1. Choose your markets carefully.

Being in the "right" market is the number-one consideration. Of course, each publishing company must decide what is "right" for it. Whatever market a publisher decides to do business in, it will be important to "own" that market. Into the 1990s, the business press will see more publishers trying to establish dominance in their areas.

"Go with your strengths," says James Boddorf, executive vice president, Veronis Suhler & Associates, an investment firm for the communications industry. "People are wise to limit the risk factor," he says. The ultimate risk, he observes, is launching a magazine in a market where a publisher has never had a property.

The "staying close to home" philosophy explains Cahners Publishing's willingness to pay $825 million last year for Murdoch's travel titles. The investment is worth the record price. The acquisition added *Travel Weekly, Hotel & Travel Index* and other guides and electronic services to the Cahners group. Going into this decade, Cahners has poised itself as a premier travel information publisher.

"There is a great trend today to bundle properties," notes Hanley, whose company publishes *Builder, Remodeling* and four other magazines that serve the construction industry. "We are concentrating on the business we know best. When we think of acquiring properties, we think only of construction."

Other publishers echo Hanley's

KERRY GAVIN

TOP 25 MAGAZINES

Ranked by 1989 Advertising Pages

Company	Publication Name	1988 Ad Pages	1989 Ad Pages	Page Growth 1988-1989	% Growth/Decline 1988-1989
CMP Publications Company	Computer Reseller News	6,370	6,536	166	2.6%
Cahners Publishing Company	EDN Magazine Edition	5,672	6,117	445	7.8%
Coastal Associates Publishing	Computer Shopper	5,059	6,050	991	19.6%
Ziff-Davis Publishing Company	PC Magazine	5,891	5,798	(93)	(1.6%)
CMP Publications Company	Electronic Engineering Times	4,692	5,047	355	7.6%
Reed Travel Group	Travel Weekly	4,872	4,885	13	0.3%
Ziff-Davis Publishing Company	PC Week	5,614	4,718	(896)	(16.0%)
CW Communications, Inc.	Computerworld	4,489	4,168	(321)	(7.2%)
Fairchild Publications	HFD	4,092	4,124	32	0.8%
Cahners Publishing Company	Design News	4,328	3,731	(597)	(13.8%)
Cahners Publishing Company	Restaurants & Institutions	3,841	3,659	(182)	(4.7%)
Infoworld Publishing	Infoworld	2,974	3,544	570	19.2%
Billboard Publications, Inc.	Back Stage	3,600	3,489	(111)	(3.1%)
Medical Economics	Medical Economics	3,759	3,161	(598)	(15.9%)
Penton Publishing Company	Machine Design	3,668	3,161	(507)	(13.8%)
CMP Publications Company	Electronic Buyers' News	3,161	3,044	(117)	(3.7%)
Byte Publications	Byte	2,995	2,950	(45)	(1.5%)
Travel Magazines Division	Travelage West	3,049	2,940	(109)	(3.6%)
CMP Publications Company	Tour & Travel News	2,416	2,866	450	18.6%
Fairchild Publications	Travel Agent Magazine	2,610	2,818	208	8.0%
Lebhar-Friedman	Nation's Restaurant News	3,447	2,814	(633)	(18.4%)
Crain Communications, Inc.	Advertising Age-National	2,810	2,678	(131)	(4.7%)
Bowker Magazine Group	Publishers Weekly	2,662	2,660	(2)	(0.1%)
Bill Communications, Inc.	Restaurant Business	2,631	2,554	(77)	(2.9%)
McGraw-Hill Publications Company	Aviation Week & Space Technology	2,713	2,546	(167)	(6.2%)

Source: Business Development Group, Inc.

(Compiled from Patterson Advertising Reports, C-System, Rome Reports, and direct reporting to BDG.)

***Cahners and CMP prove** to be dominant forces in the business press when each magazine is analyzed in terms of ad page volume. Both companies have several titles in the top 10 alone.*

sentiments. "We've made a corporate commitment to concentrate on high-tech, electronics and health," says Michael Leeds, president of CMP Publications, publisher of 13 business publications, many of them news tabloids. The goal is to enhance the "we're number one" image. While some of the markets that the company is in—telecommunications, computers, travel and health—may seem in flux right now, Leeds is not nervous about his publications. Markets in flux are "the ones that need our newspapers the most," he says.

International Data Group (IDG), a large computer magazine publisher, is also committed to staying strong in the market by concentrating on the segments that are growing the fastest, says Axel Leblois, vice chairman, IDG, and chairman and CEO of International Data Corporation, a subsidiary. *Network World* covers computer networking, a segment that is still in a growth stage, while a publication like *Federal Computer Week* is covering the emerging use of computers in Government. Leblois also believes that the high end of the computer market is poised for growth over the next few years—which is why IDG has faith that *Infoworld*, a magazine for the professional who buys PCs, will continue to do well.

For the publishers who want to venture into new markets, it is important to pick markets that are in an up cycle. "Look for the ones that have the greatest profit margins," says Rosenfield. "Find industries where the profit margin is on the rise.

"If a company can't be a strong player in a market, it will divest," he explains. There is no satisfaction in running at the back of the pack.

With ad dollars tightening up, it is imperative that magazines establish their positions in their respective fields. The first step is analyzing which markets are projected to grow. A BDG analysis, based on material from the U.S. Department of Commerce and Valueline Investment Service, indicates that the markets shown in Figure 1 will see strong growth through 1994.

This is by no means an exhaustive analysis. Business publishers must collect their own information on markets, using statistics available through the Government, suppliers and other sources.

It is also imperative to note that most markets move in cycles. Publishers serving markets that are not growing must become more creative, says Rosenfield. Now is the time for new ad packages and added value. A downturn in the market does not automatically obliterate publishing opportunities, since industries in flux need good journalism, he notes.

2. Improve the editorial product.

"The reader has a low tolerance for editorial that is not useful and insightful. The commitment that is made to provide something to the

reader that is exceptional is the most important thing for a business magazine publisher," asserts Rosenfield.

The rise of the tabloid news format is one indication that business magazine audiences are eager for products that deliver "news." BDG's data on the 35 magazines whose ad pages grew most in 1989 reveal that 15 are news tabloids.

"We organize our titles like newspapers," says Leeds of CMP, publisher of 13 business titles, including *Business Travel News, Healthweek* and *Electronic Engineering Times*. CMP's publications have independent staffs that work for each section, similar to newspaper staff structure. This allows for more in-depth coverage of topics.

Some publishers have developed systematic ways to measure editorial quality. Cahners Publishing, a company with as many as 70 business titles, conducts an annual editorial audit on each magazine. The chief editor makes a presentation to top management to discuss how the audience is relating to the magazine in comparison to the competition. The editor can also ask for other resources, such as audience research.

"This is a consultancy type of audit," explains Frank Sibley, senior vice president, general manager, of Cahners' Boston division. "The editor gets to say what he or she is proud of, and we give a perspective on how we feel they are doing."

Ultimately, the two most important aspects in business publishing are a stable staff and knowledge of the industry. Business magazines, now more than ever, need seasoned reporters who know their markets, and who are encouraged to travel and meet the people who shape their industries, says Rosenfield.

3. Develop sophisticated research techniques.

Good research facilities support both advertising and editorial. "The difference between success and failure in the nineties will depend on how well organized the research departments are," says Rosenfield.

Research can not only help a business publishing company determine where its own products are heading, and which aspects of the markets are growing or declining, but can also help grow the market by serving vendors and users.

International Data Group (IDG) is certainly serious about its research efforts. Its division International Data Communications (IDC) has a mission to serve vendors and users. Computer equipment and other software and service vendors pay for reports on their performance. "Every month they get all our product analysis and strategy assessments," says Leblois. "They get all they need to analyze their positions in the marketplace."

Users of Management Information Systems (MIS) also need help deciding what products will be most useful to them. "Some of our MIS customers run very large companies, with huge budgets," says Leblois. "For them, getting the right information from an independent source is essential."

Research is also an important profit center for IDG. The research division brings in $50 million in gross revenue annually, out of IDG's $500 million total gross revenue. The division is the number-two money-maker behind the magazines themselves, which bring in $380 million. The exhibition division brings in $40 million, while the sale of database information brings in $30 million.

Cahners has also developed a sophisticated research facility. In addition to doing research on the forces that drive every market in which Cahners has a publication, the 55-person research department supplies proprietary research to advertisers on a "cost" basis, says Sibley. A separate division provides economic forecasts on each market.

4. Streamline operations.

Staff cutbacks are never popular. While the press is quick to report on dramatic restructurings and will question a company's health whenever there is major reshuffling, reformatting and cutting back are often smart, says Rosenfield. McGraw-Hill and Lebhar-Friedman are just a few of the companies that have recently orchestrated major reorganizations and have streamlined operations. There will be more trimming in the early nineties.

"All the pressures on the marketplace are causing every publisher to look at every job and every function," says Boddorf of Veronis, Suhler & Associates. "Everyone is asking if things can be done more efficiently."

Streamlining is something a good publisher does on a regular ba-

Figure 1

PROJECTED GROWTH MARKETS

Markets	Value of Shipments Growth Rate 1989-1994	Estimated Profit Margin 1989-1994
Advertising	NA	5.60%
Aerospace	3-6.5%	3.70%
"Architecture, Engineering, Survey Services"	3-5%	NA
Broadcasting/Cable	NA	12.90%
Chemicals	NA	7.5-10.2%
Computer Peripherals	NA	9.70%
Drugstores	NA	3.20%
Electronic Computing Equipment	20-25%	5.00%
Engineering and Optical Instruments	7%	NA
Health and Medical Services	11-13%	3.60%
Insurance	NA	8.1-8.8%
Medical Supplies	NA	7.50%
Metal Fabricating	NA	7.90%
Petroleum and Petrochemicals	1.0-3.5%	6.2-12.6%
Publishing	NA	7.20%
Radio and TV Communication Equipment	5%	NA
Retail Building Supplies	NA	3.20%
Surgical	7-8.5%	NA
Telecommunications	8%	5.2-10.1%

Compiled from U.S. Department of Commerce and Valueline statistics by Business Development Group, Inc.

***Leading business indicators** show these to be the markets that will grow the most into the first half of the 1990s.*

25 TOP GROWTH MAGAZINES

Ranked by 1989 Advertising Page Growth

Company	Publication Name	1988 Ad Pages	1989 Ad Pages	Page Growth 1988-1989	% Growth/Decline 1988-1989
Adweek	Adweek's Marketing Week	563	1,851	1,288	228.6%
Coastal Associates Publishing	Computer Shopper	5,059	6,050	991	19.6%
CMP Publications Company	Macintosh News*	206	792	586	284.5%
Infoworld Publishing	Infoworld	2,974	3,544	570	19.2%
CMP Publications Company	Tour & Travel News	2,416	2,866	450	18.6%
Cahners Publishing Company	EDN Magazine Edition	5,672	6,117	445	7.8%
Miller Freeman Publications, Inc.	LAN	587	1,010	423	72.1%
McGraw-Hill Publications Company	ENR	1,412	1,824	412	29.2%
CMP Publications Company	Electronic Engineering Times	4,692	5,047	355	7.6%
Business Research & Communications	Small Business Reports	102	419	317	312.6%
Pacific Magazine Group	Presentation Products *	134	444	310	231.9%
Institutional Investor, Inc.	Institutional Investor	1,206	1,510	304	25.2%
Advanced Technology Group	Laser Focus World	1,335	1,637	302	22.6%
Amr. Soc. of Agricultural Engineers	Agricultural Engineering	30	320	290	980.7%
Ziff-Davis Publishing Company	Digital Review	1,774	2,063	289	16.3%
M&T Publishing, Inc.	Dr. Dobb's Journal of Software Tools	790	1,076	286	36.2%
MacWeek, Inc.	MacWeek	1,874	2,152	278	14.8%
Network World Publishing	Network World	1,349	1,626	277	20.5%
Restaurant Business, Inc.	Foodservice Director *	209	482	273	130.7%
Cahners Publishing Company	Construction Equipment	1,072	1,327	255	23.7%
Lebhar-Friedman	Discount Store News	990	1,239	249	25.1%
Industrial Marketing Adv. Svcs, Inc.	Radio World	602	848	247	41.0%
Hanley-Wood	Remodeling	635	881	246	38.8%
PennWell Publishing Company	Offshore	354	599	245	69.3%
Fairchild Publications	Autosound & Communication	277	513	236	85.4%

* Title launched 1988.

Source: Business Development Group, Inc.
(Compiled from Patterson Advertising Reports, C-Systems, Rome Reports, and direct reporting to BDG.)

***The news tabloid is a strong format** in the business press. Almost half of the titles here are tabloids, including* Computer Reseller News, Infoworld *and* Billboard.

sis. "I think the smart publishers do it constantly; others do it under profit pressure," observes Boddorf. "If good times roll back, we'll begin to see some fat."

The major streamlining that is due may result in smaller staffs, notes Rosenfield. Publishers are going to become more conscious of productivity and how to measure it.

Rosenfield also predicts a compression of management responsibilities. There will be fewer people in top corporate and middle management. The idea of "group publishers" handling three and four titles could disappear. Profit responsibility will drift down to lower levels of management than it has in the past. Management will be "leaner, meaner, going faster and getting tougher," says Rosenfield.

"In the publishing business we cannot afford the fat that was supported by the buoyant economy of the seventies and eighties," he explains. "The economy of the nineties will not tolerate it."

5. Develop a systematic and organized approach to client alliances.

In a business environment where the suppliers, meaning the advertisers, are decreasing in number because of acquisitions, it is critical that publishers develop special relationships with leading companies.

Maclean Hunter's *Progressive Grocer* is doing this with a variety of communications products. Necessity was the mother of invention in this case. The supermarket industry experienced a dramatic shake-out in the 1980s because of numerous mergers and acquisitions.

"A lot of blue-chip ad spenders were out of the market," explains Richard Hofler, senior vice president, publisher, *Progressive Grocer* and Retail Insights, a division created to produce video products. *Progressive Grocer* lost almost $2 million in ad page revenue last year, but the company is attracting new ad revenue with the development of new products. The answer is a "total menu" of products that will appeal to advertisers. *Progressive Grocer* had to become more than a magazine, and the publishing company had to become a total communications company, says Hofler.

The company developed a series of "video magazines," titled *Supermarket Insights* and *Convenience Store Insights*, and other advertiser-sponsored video products. It also offers direct mail and ad production services to advertisers. In essence, the company now offers a variety of information services.

The magazine also broke out its "Annual Report for the Grocery Industry," which traditionally ran in its April issue, as a separate publication. Several years ago, Nabisco signed a multi-year contract to be the sole spon-

sor of the report. *PG* then had 300 copies hard-bound and mailed to a list of Nabisco's 300 most important customers.

PG was hurt again when RJR Nabisco was bought by Kohlberg Kravis Roberts & Co. last year. Although the advertiser is not choosing to renew its contract, *PG* hopes to take on a limited number of sponsors for the project. Also, the company custom publishes other products that can be either solely sponsored or supported by a limited number of advertisers.

Maclean Hunter has also developed a Trade Dimensions division, which offers advertisers information about supermarkets. The database, updated on a monthly basis, offers *PG*'s advertisers numerous details, such as whether a store has added an in-house pharmacy or salad-bar and hot food takeout services. It also offers consumer buying information.

A more precise way to describe these relationships is to say they are multidimensional. "This is a different approach than creating a product mix," observes Rosenfield. "This is a way of creating an organized, profitable way to connect with the leading suppliers in the industry.

"In many ways, it is easier to sell someone a $1 million program that has five or six components than it is to sell a traditional 12-time schedule. Marketers today are much more interested in multicomponent approaches to market requirements," Rosenfield adds.

Many consumer magazine publishers, including Meredith and Time Inc. Magazine Co., already have well entrenched, aggressive multi-component strategies, says Rosenfield.

6. Create a product mix that establishes leadership.

"A publisher will have to create a cohesive group of information services to become a dominant player in a market," Rosenfield explains. "Companies will need to have a critical mass." Books, trade shows, conferences, newsletters and database information help to generate more revenue and enhance a company's name in an industry.

PennWell Publishing, for example, has 17 titles serving various markets, including the gas and oil industries and computers and graphics. "We've been able to increase market share, but we can't do that forever," concedes Joseph Wolking, president.

"We have to find new revenue sources for our information and new ways to package it," he says. This is why the company opened a conference and exhibition division last year. PennWell now has three shows, one for the utilities field, another for the petroleum industry and a third that covers environmental topics.

Another revenue stream is a budding newsletter division. *Petrol-Safe*, which sells for $195 annually, covers environmental issues that are not routinely written about in *Oil & Gas Journal*, the company's flagship publication. In addition, PennWell sells statistics gathered for the magazine. The information is put on floppy disks for sale as database information. Prices start at $250.

Of the company's total revenue in 1989, 27 percent was brought in by these other products. Wolking expects ad page revenue to account for even less of the total revenue in the coming years.

Other companies are expanding their product lines. Early this year, IDG launched a book division to take advantage of the growing importance of the software segment of the computer industry. "Each software package sold creates some potential for a book to be sold," says Leblois. He predicts that software sales will make up one-third of the computer market by the year 2000. "The need for publishing books is obvious," he asserts.

The company also has an expositions group, which hosts 10 international "Macworld" shows. "We intend to invest very heavily in this field," says Leblois. "Exhibitions are one way to help the market expand."

Marshall Freeman, president of Miller Freeman Publications, saw the opportunity to expand its paid circulation revenue stream with a newsletter division. Miller Freeman, publisher of *Pulp & Paper, AI Expert, Computer Language* and other business magazines, is unusual in that it already generates paid circulation revenue with many of its magazines (the majority of business magazines have controlled circulations). The newsletters complement the subject matter.

The company has also expanded its book division. Miller Freeman was publishing 90 titles, most related to the timber and paper markets, but is now seeking to acquire manuscripts related to computers, electronics, medical technology, music and the other fields covered by its magazines.

"Companies will have to create a cohesive group of information services to become dominant players in a market. They will need to have a critical mass."

All in all, the company's *Pulp & Paper*, the flagship, has 23 profit centers surrounding the magazine franchise. Newsletters, trade shows, directories, fact books, statistics and forecasts are just some of the properties. Half of Miller Freeman's revenues are generated by these other activities.

"It wasn't difficult for us to switch philosophy and become an 'information company,' because we had to do it," says Freeman. "Ten years ago we were just basically magazine publishers in markets that were declining badly."

Penton Publishing, owner of 38 titles, many geared to heavy industry, also believes in offering a wide range of services, adds Sal Marino, president. In addition to such ancillary products as direct marketing, research and seminars, the Penton Learning Systems offers specialized training programs. A company that wants to educate its staff about warehousing can pay for PLS to create a curriculum and come on site to teach employees. This ancillary product alone generates as much as $16 million annually for Penton, whose total gross revenues add up to $200 million.

Marino notes that these activities are becoming more important since overall ad sales revenue is decreasing by 1 percent each year.

7. Utilize new technology.

Publishing management has to learn as much as possible about new developments in printing technology, such as ink-jet printing and selective binding, as well as the newer, innovative pre-press options, like desktop publishing.

The changes in printing technology may create a whole new ad sales environment, allowing advertisers to target only select groups of the audience. Desktop options can save money off the production bills, but require a commitment to stay abreast of constantly changing hardware and software developments. Now is the time to learn.

"Production gains are grounded in taking advantage of newer technology and negotiating better with the printer," notes Peter Craig, president of the Magazine Acquisition Network.

Gralla Publications' move to consolidate more work at one printer, instead of hiring various printers to handle its magazines, is one example of a company that is cutting costs by reorganizing its production strategy.

8. Form strategic alliances and joint ventures.

"In the eighties, companies leveraged cash. The principle of joint venture is to leverage things other than cash, to leverage other assets," says Rosenfield. What things can be leveraged? Access to market, talent, circulation lists and any other factors that seem salable.

During the 1990s, business publishers will create special projects with companies that are not in the publishing industry.

Hanley-Wood's version of this strategy is its Builders' Pride Program, a team project with home builders associations and major building suppliers. This year, the publishing company will help sponsor the building of three "concept" homes in major housing markets: Cincinnati, Seattle and Washington, D.C. The project will be sponsored in different cities annually. Hanley-Wood's advertisers are donating the materials in exchange for ad space in a supplement that will feature the concept homes, and editorial write-ups that will list their involvement.

Hanley-Wood will then link the project to the consumer market by opening the homes to the public for an admission price. One dollar of the entrance fee will go to the home builders associations in the respective cities. The publishing company will also donate $25,000 to the homeless in each city. Hanley-Wood and its advertisers will get more publicity when the story is run, as an exclusive, in a consumer magazine.

"The commitment to provide something to the reader that is exceptional is the most important thing for a business magazine publisher."

The whole package gives Hanley-Wood and its advertisers the stature of being involved in social change, while promoting home building in the respective markets by encouraging consumer interest.

9. Grow internationally.

While not every American-based business magazine can be exported overseas, many should consider the option. Another option is buying titles overseas, an idea that more American publishers are considering, notes Boddorf.

European companies, because of restrictions on growth in their own countries, have traditionally been more accepting of the idea that they must move into other countries in order to grow. In general, people raised in Europe have been more exposed to other cultures, unlike Americans, who tend to know only the U.S. culture and business practice. To make the transition, American publishers will have to adjust their thinking, explains Boddorf.

IDG is one company that has had no trouble expanding its thinking. Out of the company's 125 publications, 95 are publishing outside the United States, going to 40 countries. The computer magazine publisher launched a magazine for the USSR a year and a half ago, and has been in China since the early 1980s. Hungary and Taiwan are just two of the "emerging" nations that have IDG products.

The company is, in part, heading off the downturn in computer hardware sales by not relying solely on the United States. "We do not anticipate any downturn, especially since we have a lot of diversified activities overseas," explains Leblois. "Their computer markets are much less saturated than in the United States."

IDG prefers to set up its own operations in foreign countries, but licenses operations in smaller countries. The company's goal now is to grow the existing properties, not to expand to more countries. "We are everywhere we should be," says Leblois. IDG expects the most growth in Southern Europe.

Cahners is making a more serious effort in the international market, says Sibley. The company launched *Electronic Business Asia*, based in Hong Kong, this spring, and is expanding the international circulation of many of its business magazines published in the United States. Cahners now has a circulation staff based in Holland.

"America is still viewed as a technological leader," says Sibley, adding that most European managers know English, making European circulation possible for most of the company's titles. But Cahners sees big growth in Asia as well. "Asian and European ad sales and technology sales are projected to grow faster than the U.S. market's," he says.

Despite the challenges that lie ahead, the leading business publishers feel confident that the business magazine industry will emerge stronger in the end. "We are the necessary medium," notes Marino of Penton. "People read other magazines at their discretion, but I can't believe that any professional would not want to be up to date on industry."

But business magazines that want to stay vital will first have to do the right editorial job, then the right selling and marketing, adds Marino. "The future for the business publisher will depend on how smart you publish and the kinds of people you attract to do the right kind of job."□

The outlook for business publishers

BY ARTHUR ROSENFIELD
BUSINESS DEVELOPMENT GROUP, INC.

• Cahners Publishing, more than any other business magazine publishing company, is poised for a strong future. The reason: The company is committed to the concept of the customer being king. Everything Cahners does centers around the success of the advertiser. The commitments Cahners has made to editorial audits, to placing top quality people in every department and to research are unparalleled.

We can look for Cahners to outpace all other publishers in growth in market share and ad pages.

• CMP Publications is my second choice of companies with a bright future. This is a company that is structured around the concept of good newspaper journalism. There is a network of 200 to 250 editorial people throughout the United States that provides breaking news for CMP titles. The commitment that has been made to gather and distribute information quickly is unparalleled in business publishing.

Beyond just the utilization of technology, CMP has been able to identify niche markets that have been neglected and underdeveloped by other publishers. Its *Business Travel News* is a good example. Here CMP identified the business traveler marketplace and created a successful product. The company's *Communications Week* is one of the fastest growing publications in the country.

• United Newspapers, which owns Miller Freeman and Gralla, is also a strong presence in business publishing. Miller Freeman is the best example of a magazine company that grew because it was not lazy. It has terrific publishing management. Miller Freeman is successful because it has discovered how to build profit centers, such as industry forecast reports, directories, conferences and newsletters, that are a service to its readers. And, the profit responsibility for each of the business areas is delegated to talented management people who understand the products.

I like Gralla because it is in markets I believe are potentially excellent. They have properties in the optometric and ophthalmic areas, which will be important in the future. The company also has retail oriented magazines. Gralla is also in the travel market, which may be a difficult market right now, but overall, is a good one to be in.

The new management philosophy being implemented by president Bob Boucher at Gralla, which parallels the philosophy that made Miller Freeman successful, will also help make the company grow. United Newspapers is committed to growing Gralla, and is a parent company that is willing to invest in publishing. Gralla is already starting to see important increases in revenue and profit.

• Lebhar-Friedman is one of the few publishing companies that has the ability to dominate a market. It is the country's leading publisher of retail trade magazines, and is positioned in very important markets: drugstore, discount store, restaurant. Retail, while periodically going through stresses and strains, is here to stay. Lebhar also has a publication in the retail executive area, cutting across all the retail markets.

• Billboard Publications is another strong bet. This company completely controls the entertainment market. There are not many publications that have the utility value and high regard that *Billboard* has. In addition to *Billboard*, the company also owns *Hollywood Reporter, American Film* and *Backstage*. Music is an international business, and Billboard has always been an international company. The secret to *Billboard* has always been the charts that rank top selling music products. The strong Billboard name is also recognizable with consumers, which opens the possibility of selling other music related products or producing joint ventures with other companies.

• Hanley-Wood is probably one of the single most exciting medium-size companies that I can think of because the company's owners and partners are savvy *and* entrepreneurial. The company is in a good market—construction and remodeling—and has built a strong position, even though Cahners has tried hard to cut into its market share.

The strength is the editorial product. *Builder* is an excellent example of service journalism.

• IDG will remain strong in the years ahead because of its international growth. This company has been the most aggressive of all publishers here. It has segmented, sub-segmented and sub-sub-segmented the computer industry. Ziff Davis can't be ignored in this market, but IDG stands out because of its dedication to international publishing.

• The properties of Cap Cities/ABC Publishing are also in a curious position. I like all their business publishing divisions. Fairchild is a wonderful newspaper publisher in its markets. Its position in the home furnishings field and apparel field, with titles like *Women's Wear Daily*, is very powerful. Fairchild has created its own brand of news journalism that is particularly appealing in certain markets. It is best exemplified in the retail and fashion markets.

Chilton obviously has been doing well, based on the performance that we see on the chart in this article, but is the company positioned in future industries? Chilton is strong in automotive, product design and other areas. It has strong publications.

Chilton is like Penton Publishing and Crain Communications in that it is a good traditional company. These companies have been the backbone of business publishing for a long period of time. The question about companies like Chilton, Crain and Penton is whether or not they can adapt. Are the principles of the past enough to propel them into the future? Typically these companies have had a vested interest in the horizontal markets that they developed. Now some of these companies are being picked off by smaller ones that are grabbing sub-segments. These more traditional publishers will have to find niches, or they will lose market strength to those who do.□

ANALYSIS OF MAJOR PUBLISHERS

The following analysis is based on estimated page and revenue information. Ad revenue figures may be inflated by as much as 30 percent because of network buys and other pricing strategies.

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Affiliated Publications					
Billboard Publications, Inc.					
Entertainment	1	2,166	16,160,526	11.1	11.1
Interior Design/Furnishings/Space Planning	1	1,081	4,680,098	(18.2)	(0.6)
Photographic	2	287	1,731,796	(7.7)	14.5
Subtotal	**4**	**3,534**	**22,572,420**	**(1.3)**	**8.7**
Boston Venture Management, Inc.					
Bill Communications, Inc.					
Restaurants & Food Service	3	4,587	33,582,629	2.2	4.8
Travel Business Conventions & Meetings	2	2,294	18,978,514	8.8	16.2
Automotive/Service Stations/Garages	2	782	6,332,163	(8.6)	1.6
Plastics & Composition Products	1	949	6,196,651	(9.2)	(4.4)
Business	1	628	4,787,077	(4.6)	1.4
Interior Design/Furnishings/Space Planning	1	737	3,373,845	4.2	5.4
Subtotal	**10**	**9,977**	**73,250,879**	**1.1**	**6.1**
Cap Cities/ABC, Inc.					
Chilton Company					
Automotive/Service Stations/Garages	3	2,242	16,064,884	6.1	11.2
Product Design Engineering	1	740	10,704,058	5.1	13.6
Control & Instrumentation Systems	2	1,153	10,096,592	21.5	31.1
Electronic Engineering	1	1,167	9,707,700	20.1	18.3
Motor Trucks & Accessories	2	1,298	9,413,805	9.3	15.5
Hardware	1	1,406	8,584,497	8.7	12.8
Transportation/Shipping/Traffic	1	991	6,188,587	10.9	19.3
Food Processing & Distribution	1	1,216	5,094,439	(5.3)	1.1
Plant Engineering/Facilities Maintenance/Operations	1	390	4,508,781	(10.3)	(1.7)
Safety/Accident Prevention	1	376	2,771,056	21.9	23.0
Subtotal	**14**	**10,978**	**83,134,399**	**8.3**	**14.5**
(Other markets served by Chilton: Jewelry, Optical.)					
Fairchild Publications					
Home Furnishings	1	4,124	45,557,294	0.8	54.8
Radio & TV	7	4,630	22,447,802	(13.0)	(6.5)
Grocery	2	1,645	17,976,819	(12.2)	(18.8)
Travel Retail	1	2,818	13,285,695	8.0	20.9
Automatic Data Systems	1	1,004	12,217,500	(1.0)	13.7
Electronic Engineering	1	1,223	8,592,800	(10.8)	(6.8)
Metal/Metalworking & Machinery	5	1,763	8,492,504	(5.7)	(1.9)
Subtotal	**18**	**17,208**	**128,570,414**	**(5.2)**	**11.6**
(Other markets served by Fairchild: Clothing, Energy, Housewares, Leather, Linens, Sporting Goods.)					
Hitchcock Publishing Company					
Automatic Data Systems	1	1,004	12,217,500	(1.0)	13.7
Metal/Metalworking & Machinery	2	1,345	6,483,179	(16.3)	(7.4)
Industrial	1	1,009	5,416,670	(1.3)	4.6
Office Equip & Stationery	1	950	4,158,200	7.6	15.3
Industrial Automation	1	351	2,728,000	(13.0)	(11.1)
Subtotal	**6**	**4,659**	**31,003,549**	**(5.5)**	**4.7**
(Other markets served by Hitchcock: Paint and Wallcoverings.)					

Source: Business Development Group, Inc.
Chart represents company performance to the extent that magazines are tracked by Patterson Advertising Reports, C-Systems, Rome Reports, or collected by BDG.

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Institutional Investor, Inc.					
Financial	1	1,510	26,151,748	25.2	32.1
Miller Publishing					
Markets served: Farm, Feed, Horse, Lawn & Garden.					
Data not available.					
CMP Publications					
Automatic Data Systems					
Electronic Engineering	3	8,832	60,237,600	4.9	5.2
Travel Retail	1	2,866	20,392,708	18.6	35.7
Telecommunications Technology	1	2,054	19,011,900	(10.3)	(10.4)
Travel Business Conventions & Meetings	1	1,054	10,559,274	6.6	27.5
Subtotal	**11**	**26,354**	**204,044,382**	**2.1**	**11.3**
(Other markets served by CMP: Healthcare.)					
Crain Communications, Inc.					
Advertising & Marketing	2	3,205	33,085,736	(10.1)	(0.4)
Automotive/Service Stations/Garages	1	2,265	17,513,433	8.8	21.0
Insurance	1	1,611	12,470,865	(1.3)	8.3
Hospital Administration	1	1,728	10,675,750	(3.3)	5.0
Financial	1	839	8,721,016	16.2	26.3
Rubber	1	431	2,416,331	(11.5)	(2.1)
Government & Public Works	1	250	2,150,897	(22.9)	(12.4)
Subtotal	**8**	**10,328**	**87,034,028**	**(2.6)**	**7.2**
Edgell Communications					
Restaurants & Food Service	3	1,643	10,928,736	5.4	7.6
Telecommunications Technology	2	1,789	8,427,600	(18.6)	(4.1)
Hotels/Motels/Clubs/Resorts	1	1,243	7,159,220	(1.7)	0.0
Plastics & Composition Products	4	989	6,452,147	(17.0)	(4.1)
Landscape/Garden Supplies	2	929	4,560,174	5.4	18.4
Travel Business Conventions & Meetings	1	597	3,972,374	(17.3)	25.6
Packaging (Users)	2	435	3,694,208	(1.0)	(1.0)
Automotive/Service Stations/Garages	1	312	2,761,598	12.2	29.1
Bottling	1	380	2,703,199	(8.9)	(1.5)
Petroleum & Oil	2	622	2,543,856	(4.5)	2.1
Stone Products	1	536	2,133,647	3.3	15.5
Packaging Mfrs./Paperboard/Wood Boxes/Barrels	1	579	1,987,395	14.4	28.6
Maintenance	1	527	1,427,200	(1.9)	7.9
Food Processing & Distribution	1	278	1,049,232	(7.3)	1.9
Paper	1	180	685,526	(28.6)	(18.7)
Engineering & Construction	1	165	658,572	(28.7)	(15.6)
Subtotal	**25**	**11,203**	**61,144,684**	**(6.2)**	**4.9**
(Other markets served by Edgell: Medical & Surgical, Motorcycle and Bicycle, Pets, Radio & TV, Roofing, Swimming Pool and Sauna.)					
Elsevier Business Press					
Delta Communications, Inc.					
Packaging (Users)	1	1,179	12,256,809	(10.9)	1.1
Air Conditioning/Heating/Plumbing/Sheet Metal	4	1,769	9,369,580	(2.2)	14.6
Furniture & Upholstery	1	1,446	6,425,879	(7.6)	14.6
Packaging Mfrs./Paperboard/Wood Boxes/Barrels	1	953	3,847,531	1.8	29.4
Subtotal	7	**5,347**	**31,899,799**	**(5.1)**	**10.5**
(Other markets served by Delta: Metal/Metalworking & Machinery.)					

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Gordon Publications, Inc.					
Science/Research/Development	3	1,357	13,345,800	5.9	19.8
Chemical & Chemical Process Industries	2	945	8,987,212	26.5	38.8
Mfg.-Industries/Equipment/Products	1	475	6,613,723	3.9	8.7
Metal/Metalworking & Machinery	1	491	5,235,977	(5.2)	2.2
Automatic Data Systems	2	956	4,714,074	38.0	44.1
Electronic Engineering	1	691	2,552,427	2.1	11.6
Materials Handling & Distribution	1	195	2,154,864	29.2	50.7
Aviation & Aerospace	1	159	1,804,956	N/A	N/A
Subtotal	**12**	**5,267**	**45,389,033**	**16.4**	**26.8**
(Other markets served by Gordon: Hospital Administration, Telecommunications, Food Processing and Distribution.)					
Office Systems Magazine					
Office Methods & Management	1	678	3,429,800	6.1	11.3
Gorman Publishing					
Food Processing & Distribution	1	1,693	7,749,085	5.1	9.8
Baking	1	1,134	5,345,580	4.5	12.2
Dairy Products	2	850	3,692,644	24.1	36.6
Grocery	1	229	2,540,218	(6.5)	16.3
Subtotal	**5**	**3,906**	**19,327,527**	**7.7**	**15.7**
(Other markets served by Gorman: International Food Processing, Distribution.)					
Hanley-Wood					
Building	2	2,541	27,250,751	11.3	19.9
Hearst Corporation					
Hearst Business Publishing Group					
Electronic Engineering	3	1,034	6,561,000	(3.3)	3.5
Automotive/Service Stations/Garages	1	610	5,314,725	8.1	9.3
Drugs/Pharmaceutics	1	550	3,647,185	(26.7)	(21.8)
Metal/Metalworking & Machinery	1	980	1,453,805	(9.3)	(3.7)
Subtotal	**6**	**3,174**	**16,976,715**	**(8.4)**	**(2.3)**
(Other markets served by Hearst Business Publishing Group: Medical & Surgical, Floor Covering.)					
Hunter Publishing					
Automotive/Service Stations/Garages	3	804	6,445,793	(4.6)	1.1
Automatic Data Systems	2	1,085	4,095,500	8.5	28.5
Petroleum & Oil	2	578	3,288,397	1.6	8.7
Air Conditioning/Heating/Plumbing/Sheet Metal	1	367	1,060,877	9.8	18.8
Subtotal	**8**	**2,834**	**14,890,567**	**3.2**	**10.4**
IDG Communications					
CW Communications, Inc.					
Automatic Data Systems	3	5,420	74,463,760	(7.8)	0.1
Digital News Publishing					
Automatic Data Systems	1	1,088	8,447,900	(4.0)	14.0
Federal Computer Week					
Automatic Data Systems	1	1,330	9,612,095	10.9	77.3

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Infoworld Publishing					
Automatic Data Systems	1	3,544	58,853,300	19.2	54.9
Network World Publishing					
Automatic Data Systems	1	1,626	15,949,600	20.5	56.5
PCW Communications, Inc.					
Automatic Data Systems	2	2,809	41,974,803	(6.2)	13.7
ITOL					
American Banker-Bond Buyer					
Banking	1	1,683	12,146,628	(10.3)	(10.7)
International Thomson Transport					
Railroad	1	572	1,699,066	17.0	20.0
Transportation/Shipping/Traffic	1	359	1,684,053	(24.8)	(24.0)
Subtotal	**2**	**931**	**3,383,119**	**(3.7)**	**(6.8)**
McKnight Medical Communications					
Healthcare	2	740	2,569,349	(8.7)	16.2
Hospital Administration	1	389	1,292,175	(2.2)	19.9
Subtotal	**3**	**1,129**	**3,861,524**	**(6.5)**	**17.4**
Medical Economics					
Medical & Surgical	7	4,635	24,968,000	(18.5)	(19.9)
Drugs/Pharmaceutics	2	1,286	8,413,681	15.9	16.6
Subtotal	**9**	**5,921**	**33,381,681**	**(12.9)**	**(13.1)**
(Other markets served by Medical Economics: Dental, Nursing & Health, Hospital Administration.)					
Patient Care Communications, Inc.					
Medical & Surgical	1	2,060	7,760,000	8.3	15.3
Ward's Communications, Inc.					
Automotive/Service Stations/Garages	2	1,181	6,973,537	0.5	6.3
Irving-Cloud Publishing					
Automotive/Service Stations/Garages	2	534	6,140,994	(41.5)	(4.3)
Motor Trucks & Accessories	1	442	2,821,020	4.8	9.8
Aviation & Aerospace	1	589	2,490,209	13.0	23.5
Engineering & Construction	1	327	2,098,225	(13.0)	(4.8)
Subtotal	**5**	**1,892**	**13,550,448**	**(15.2)**	**2.6**
(Other markets served by Irving-Cloud: Hardware.)					
Kohlberg Kravis, Inc.					
Intertec Publishing Company					
Electrical	4	2,506	16,727,751	(6.8)	1.4
Electronic Engineering	3	2,721	12,984,485	8.7	14.1
Radio & TV	4	2,794	9,868,323	(16.1)	(13.6)
Landscape/Garden Supplies	2	1,151	5,719,406	(2.2)	9.7
Telecommunications Technology	2	1,523	5,216,526	20.0	28.0
Plant Engineering/Facilities Maintenance/Operations	1	529	3,890,385	9.3	(19.4)
Subtotal	**16**	**11,225**	**54,406,876**	**(2.0)**	**1.8**

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Telephony Division					
Telecommunications Technology	1	2,501	9,532,400	(5.5)	6.9
Lebhar-Friedman, Inc.					
Restaurants & Food Service	1	2,814	21,825,514	(18.4)	(21.9)
Chain Stores	2	2,216	17,032,841	5.3	12.5
Discount Marketing	1	1,239	12,197,836	25.1	34.1
Building Products	1	1,129	7,934,605	(9.8)	(3.2)
Subtotal	**5**	**7,397**	**58,990,796**	**(5.1)**	**(2.3)**
(Other markets served by Lebhar-Friedman: Drugs /Pharmaceuticals, Retail Business, Department and Specialty Stores.)					
Maclean-Hunter Ltd.					
Lakewood Publications, Inc.					
Advertising & Marketing	1	291	2,891,617	(0.2)	9.8
Aviation & Aerospace	1	315	778,739	(1.1)	2.4
Subtotal	**2**	**605**	**3,670,356**	**(0.7)**	**8.1**
(Other markets served by Lakewood: Education and Adult Training, Public Parks.)					
Maclean Hunter Media, Inc.					
Grocery	1	919	10,315,095	(22.0)	(16.0)
(Other markets served by Maclean Hunter Media: Shopping Centers.)					
Maclean Hunter Publishing Corporation					
Printing & Printing Process	2	967	5,890,413	(14.1)	(6.9)
Packaging Mfrs./Paperboard/Wood Boxes/Barrels	2	1,700	5,782,312	5.9	20.1
Mining	4	1,163	5,322,339	10.4	20.6
Stone Products	1	578	2,334,070	(4.0)	9.6
Engineering & Construction	1	365	1,455,388	0.6	9.0
Subtotal	**10**	**4,774**	**20,784,522**	**0.5**	**9.3**
(Other markets served by Maclean Hunter Publishing: Textiles, Packaging (User), Automatic Data Systems.)					
Maxwell Communications, Inc.					
Travel Retail	4	6,669	23,243,395	0.1	8.7
McGraw-Hill, Inc.					
Byte Publications					
Automatic Data Systems	1	2,950	38,335,200	(1.5)	11.7
McGraw-Hill Publications Company					
Aviation & Aerospace	3	4,173	41,791,191	(0.5)	1.2
Automatic Data Systems	2	2,751	17,445,800	(6.3)	(2.2)
Engineering & Construction	1	1,824	13,904,795	29.2	36.4
Chemical & Chemical Process Industries	1	1,838	12,370,338	9.0	19.7
Architecture	1	1,367	10,640,906	(11.1)	(12.9)
Plastics & Composition Products	1	1,030	7,267,362	(26.3)	(19.7)
Power & Power Plants	2	827	5,219,500	(1.5)	4.0
Subtotal	**11**	**13,810**	**108,639,892**	**(1.4)**	**2.5**
(Other markets served by McGraw-Hill: Healthcare, Employment Opportunities, Medical & Surgical.)					

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
PennWell Publishing Company					
Advanced Technology Group					
Electronic Engineering	1	1,637	6,658,722	22.6	39.5
Automatic Data Systems	1	839	4,730,800	9.1	24.3
Telecommunications Technology	1	351	2,263,700	(16.6)	(5.6)
Subtotal	**3**	**2,827**	**13,653,222**	**12.0**	**24.4**
PennWell Publishing Company					
Electronic Engineering	2	2,377	11,929,500	2.5	11.0
Petroleum & Oil	3	2,143	10,401,356	22.1	34.5
Power & Power Plants	1	424	2,628,909	10.7	15.6
Electrical	1	284	2,143,345	9.2	14.5
Automatic Data Systems	1	248	1,845,059	279.0	329.8
Subtotal	**8**	**5,476**	**28,948,169**	**14.5**	**25.6**
Penton Publishing Company					
G.T. Publications, Inc.					
Government & Public Works	1	200	1,055,011	174.1	187.2
Penton Publishing Company					
Electronic Engineering	2	4,243	23,960,600	(9.7)	6.6
Product Design Engineering	1	3,161	22,604,000	(13.8)	(2.8)
Mfg.-Industries/Equipment/Products	1	1,045	14,819,000	(4.3)	1.5
Restaurants & Food Service	2	2,263	14,714,417	16.6	9.1
Business	1	914	13,456,900	3.2	5.2
Air Conditioning/Heating/Plumbing/Sheet Metal	2	2,058	9,344,045	2.7	9.8
Architecture	1	1,170	8,035,361	(3.7)	(4.8)
Metal/Metalworking & Machinery	4	1,975	8,393,605	1.2	3.0
Radio & TV	1	1,588	5,036,023	3.1	4.7
Aviation & Aerospace	1	1,014	5,687,968	14.6	7.8
Office Methods & Management	1	911	5,706,560	7.2	13.6
Materials Handling & Distribution	1	883	5,362,751	(5.0)	(8.5)
Hotels/Motels/Clubs/Resorts	1	1,043	4,270,875	(17.4)	(19.4)
Government & Public Works	1	508	4,868,109	(15.1)	0.5
Power Transmission Components & Systems	1	912	4,381,980	(7.6)	1.7
Fluid Power Systems	1	864	4,199,314	19.3	27.9
Safety/Accident Prevention	1	831	4,190,655	(1.2)	10.6
Welding	2	1,244	4,066,029	11.6	10.5
Automatic Data Systems	1	668	3,764,300	(3.3)	17.6
Materials	1	488	2,850,015	(20.3)	(11.3)
Physical Distribution	1	409	2,687,666	(23.9)	(15.2)
Subtotal	**28**	**28,192**	**172,400,113**	**(2.9)**	**2.9**
(Other markets served by Penton: School Administration.)					
Putman Publishing					
Chemical & Chemical Process Industries	2	1,223	7,374,259	(15.1)	(5.5)
Food Processing & Distribution	1	1,784	6,023,934	(7.7)	(7.1)
Plant Engineering/Facilities Maintenance/Operations	1	980	5,557,585	(19.6)	(12.9)
Subtotal	**4**	**3,987**	**18,955,778**	**(13.2)**	**(8.3)**

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Reed Holdings, Inc.					
Cahners Publishing Company					
Electronic Engineering	8	15,700	100,361,900	(13.2)	(2.3)
Restaurants & Food Service	3	5,135	45,750,607	(5.2)	3.3
Building	1	2,231	26,074,582	(21.3)	(8.1)
Automatic Data Systems	2	2,130	24,314,319	(18.7)	(9.6)
Engineering & Construction	3	1,942	14,624,814	13.6	27.5
Plant Engineering/Facilities Maintenance/Operations	1	1,875	13,896,217	(0.9)	8.6
Interior Design/Furnishings/Space Planning	2	2,824	13,715,313	(10.6)	(10.9)
Industrial Purchasing	1	1,660	13,287,100	(5.9)	1.9
Control & Instrumentation Systems	1	1,571	11,112,900	14.6	27.6
Science/Research/Development	1	1,114	8,978,107	1.5	13.5
Packaging (Users)	1	1,170	8,893,734	(9.3)	3.8
Security	2	1,886	7,606,603	(8.7)	2.3
Architecture	1	1,040	7,371,826	(8.5)	(10.8)
Printing & Printing Process	1	1,163	7,301,106	0.7	12.2
Building Products	1	1,080	6,634,168	(31.2)	(18.8)
Materials Handling & Distribution	1	1,006	6,456,158	(15.2)	(16.3)
Industrial Distribution	1	791	4,315,822	(23.0)	(10.8)
Plastics & Composition Products	1	566	4,124,402	(28.3)	(21.3)
Transportation/Shipping/Traffic	1	717	4,122,000	3.0	4.3
Hotels/Motels/Clubs/Resorts	2	850	4,067,643	(49.5)	(46.7)
Air Conditioning/Heating/Plumbing/Sheet Metal	1	492	3,509,245	(9.0)	7.6
Chemical & Chemical Process Industries	1	606	2,930,985	25.1	42.4
Subtotal	**37**	**47,549**	**339,449,551**	**(11.3)**	**(1.7)**
(Other markets served by Cahners: Medical & Surgical)					
Reed Travel Group					
Travel Retail	2	4,885	53,022,209	0.3	9.8
Travel Business Conventions & Meetings	1	1,665	19,209,705	6.1	12.9
Subtotal	**3**	**6,550**	**72,231,914**	**1.7**	**10.6**
Communications Today					
Serves the Furnishing, Linens, & Domestic markets.	Data not available.				
Variety					
Serves the Entertainment Industry.	Data not available.				
Bowker Magazine Group					
Book & Book Trade	1	2,660	7,300,000	(0.1)	4.1
(Other markets served by Bowker: Education.)					
United Newspapers, plc					
Dealers' Digest, Inc.					
Banking	1	482	2,099,720	(8.3)	(0.7)
Gralla Publications					
Travel Business Conventions & Meetings	2	1,536	15,251,269	9.8	30.5
Building	2	1,133	6,707,966	5.9	22.9
Interior Design/Furnishings/Space Planning	1	1,028	4,397,948	(9.0)	(2.4)
Advertising & Marketing	1	419	3,124,616	(12.4)	(4.1)
Banking	1	579	2,393,488	(7.2)	2.0
Architecture	1	531	2,373,640	(8.4)	(9.0)
Subtotal	**8**	**5,227**	**34,248,927**	**(1.0)**	**14.7**
(Other markets served by Gralla: Giftware, Jewelry, Sporting Goods, Hospital Administration,Textiles and Knits.)					

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Miller Freeman Publications, Inc.					
Automatic Data Systems	3	2,767	10,173,905	29.9	67.0
Paper	1	1,393	6,302,041	1.7	11.3
Electronic Engineering	2	1,094	4,394,061	(13.2)	(4.6)
Subtotal	**6**	**5,254**	**20,870,007**	**10.4**	**27.6**
(Other markets served by Miller Freeman: Logging and Forest Products, Medical & Surgical)					
Pro Sound, Inc.					
Radio & TV	1	457	1,607,347	(1.2)	(0.8)
Vance Publishing Corporation					
Furniture & Upholstery	1	1,063	4,296,437	(12.9)	(3.5)
Building Products	1	678	3,576,605	(29.7)	(13.9)
Subtotal	**2**	**1,741**	**7,873,042**	**(20.3)**	**(8.5)**
(Other markets served by Vance: Beauty and Hairdressing, Jewelry, Produce.)					
Ziff Communications Co.					
Coastal Associates Publishing					
Automatic Data Systems	1	6,050	35,502,000	19.6	62.7
Ziff-Davis Publishing Company					
Automatic Data Systems	4	14,766	275,376,000	(4.7)	40.2
Government & Public Works	1	1,454	12,900,542	(3.6)	7.2
Subtotal	**5**	**16,220**	**288,276,542**	**(4.6)**	**38.3**

Source: Business Development Group, Inc.
Chart represents company performance to the extent that magazines are tracked by Patterson Advertising Reports, C-Systems, Rome Reports, or collected by BDG.

Business press

(CONTINUED FROM PAGE 170)

Preliminary estimates for 1990 indicate that billings will increase to $4.40 billion, with ad pages flat or slightly down.

A number of markets have shown major growth in the last five years in the number of titles, as publishers continue to pursue business opportunities.

SRDS category	Number of publications 1/1/85	1/190
Automatic data systems	80	127
Building	37	43
Business	24	56
Financial	23	32
Grocery	28	39
Journalism and publishing	6	19
Legal	11	23
Pollution	4	15
Telecommunications	17	34
Medical/surgical	286	383

Strong profit margins

Profit margins for ABP publications held up remarkably well through 1988. Analyses of annual cost studies that tabulated operating results for a large number of ABP publications indicate that margins (*i.e.*, profits as a percentage of sales before interest and taxes) held steady from 1985 through 1988.

Year	Reporting publications	% profit margin
1988	289	16.58
1987	290	15.48
1986	294	17.50
1985	234	14.82

Because ABP's membership represents the larger, more successful publishers of specialized business and professional publications, these results may not be truly representative. ABP publication figures for 1989 will soon be available. Margins are under pressure because of increasing costs and flat pages on many titles. Profitability will vary from market to market as pages grow or level off.

Asset valuation

Multiples paid for business publications by acquiring companies remain very high, reflecting the premium value placed on the relative stability and strong cashflow of specialized business and professional publications. Veronis & Suhler, in its transaction database, shows that public transactions for high-quality business publications with a leading share of a growing market command between 1.7 and 2.0 multiples of sales.

Year	Multiple* Simple average	Median	Weighted average
1989	2.25	2.07	3.43
1988	1.26	1.48	1.50
1987	1.97	1.91	2.30
1986	1.47	1.00	1.77
1985	1.63	1.54	2.09
1984	2.11	1.60	4.65

*Individual transactions in any given year can cause wide swings in these multiples.

Revenue forecasts

The outlook for the nineties suggests that business press revenues, which started out flat in early 1990, will experience moderate increases commencing in the fall and continuing for the next several years at a rate of 6 to 7 percent per year. At this level, revenue increases will support strong profit margins and allow for investment in established properties.

Year	Revenue estimate	% increase
1989	$4.23 billion	
1990	4.40 billion	4
1991	4.66 billion	6
1992	4.99 billion	7

With continued new-product growth at a rate below that of the last five years, the total dollars invested in the business press should surpass $5 billion by 1992.

Year	% rev. growth	Rev.	% pub. growth	Rev.
1990	4	$4.40MM	2	$4.49MM
1991	6	4.76MM	2	4.86MM
1992	7	5.20MM	2	5.30MM

Based on the foregoing facts, my assumption appears to be valid: The business and professional magazine publishing industry, while not without problems, is basically healthy and growing.□

SHORT RUN

(1,000-30,000)

Publications
Direct Mail
Brochures

New high-speed presses

If you are selecting a new publication printer and are concerned about price, service, and reputation

Call for our brochure

(603) 625-6901

CUMMINGS PRINTING CO.

215 Canal St.
P.O. Box 4687
Manchester, NH 03108

- Tabloids
- Newspapers
- Catalogs
- Magazines
- Booklets
- Directories

Absolutely Reliable Service — "No Unpleasant Surprises"

HUGE SAVINGS!

Superb, Top Quality
WEB-OFFSET PRINTING

Prime black and 4-color printing on uncoated stocks: newsprint, 35-lb. groundwood & 50-lb. offset. Beautiful spot color. Huge press capacities. **Sizes from as few as 8 pages, 8½x11 booklets through large directories, tabloids & broadsheets.**

Nationwide Instant Mailing

Complete typesetting, binding & mailing services. Rapid turnaround (we set, print & mail daily newspapers!)

Marvelous references! Wonderful service!

Des Plaines Publishing Co.

1000 Executive Way, Des Plaines, IL 60018
(9 minutes from Chicago's O'Hare Airport)
Call Norm Hirsch or Jim Forbing for fast quote

(1-800) 283-1776
(708) 824-1111
FAX: (708) 824-1112

Business press: How are we doing?

Popular wisdom to the contrary, the business and professional magazine industry is healthy and growing

BY JOHN EMERY

Although recent articles in the trade press suggest that advertising pages in specialized business and professional publications are on a downward spiral with no end in sight, it is my belief that both advertising pages and dollars invested in the pages of the business press are healthier than generally assumed and poised for an upswing in the nineties. This belief is based on data I have examined since June 1989, when I took over the presidency of the Association of Business Publishers (ABP) and established as one of my first priorities to determine just where the business press was and where it was heading.

The highly entrepreneurial and diverse nature of business and professional publishing and the high number of publications in the market make it difficult to define precisely that market's dimensions. Although there has been growth in the number of publications in the larger companies through both acquisition and start-up, there are more publishing companies overall and more magazines every year. However, no single organization tracks the advertising page performance of all the publications in the market; in fact, many publications are not tracked at all. For example, there are 766 publications with primary listings in the Medical/Surgical sections of SRDS (BPRD), of which only 387 are tracked (by Perq Research Corporation, a firm specializing in following the medical group).

Aside from medical publications, there are another 3,433 publications with primary listings in SRDS. LNA/Rome, a leading space-tracking organization, tracks only 640, leaving 2,793 untracked. ABP, with its larger, more profitable publishers, restricts its membership to audited, for-profit publications. At the end of 1989 ABP had 588 member publications out of a potential universe of 1,310 publications—and so on.

Recent analyses tracking the ad revenue and advertising page history of a constant list of publications indicate declining page volumes for those magazines, but they do not measure the growth and vitality of the marketplace as a whole. Given the increase in titles in the specialized business press over the past several years, it is probable that pages and dollars in the total market are increasing, even though some individual market segments may show declining page volume.

Enumerated in the charts in this article are certain knowns about the marketplace. The ABP tracks some of this data, and Standard Rate & Data Service, LNA/Rome Reports and Perq Research Corporation have supplied additional information. Jim Boddorf of Veronis & Suhler and Arthur Rosenfield, president of Business Development Group, were also helpful in evaluating the data.

The publication universe

As of December 31, 1989, SRDS listed 4,199 publications with primary listings in the business edition. Of these, 2,784 were published by for-profit companies, but only 1,310 were audited by an accredited auditing bureau. In addition, there are 792 association publications and 470 annuals. In 1989, there were 588 ABP members. To get an idea of the change in the numbers since 1985, see the chart on this page.

The 4,199 publications listed in SRDS's business edition as of December 31, 1989, represent an increase of 460 publications, or 12 percent, over a four-year period. There was a net addition to the primary listings in SRDS in each of those four years.

ABP's best estimate, based on information from diverse sources, of the advertising billings in the business press for 1989 is $4.23 billion.

(CONTINUED ON PAGE 169)

John Emery is president of the Association of Business Publishers.

The changing publication universe

Year	SRDS	For profit	Audited	Non-audited	Annuals	Assns.	ABP members
1989	4,199	2,784	1,310	1,474	470	792	588
1988	4,054	2,685	1,301	1,384	n/a	n/a	560
1987	3,934	2,593	1,250	1,343	n/a	n/a	489
1986	3,775	2,540	1,212	1,328	n/a	n/a	480
1985	3,739	2,309	1,110	1,190	n/a	n/a	475